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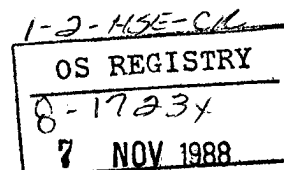
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Date 20 Oct. 88



# Government Has Failed to Bolster Guard Against Spies, Report Says

By STEPHEN ENGELBERG

Special to The New York Times

WASHINGTON, Oct. 19 — A succession of damaging spy cases has largely failed to bring about improvements in the Government's procedures for protecting its secrets, a Congressional report concluded today.

The report by a subcommittee of the House Intelligence Committee a sequel to a sharply critical study by the panel in 1986, focuses on flaws in the Government's personnel policies.

It says that investigations for granting security clearances are often inadequate and that Government agencies are not doing enough to monitor disgruntled former employees such as Edward Lee Howard, the former Central Intelligence Agency officer who defected to the Soviet Union after being dismissed by the agency.

## 'Did Not Do His Job'

An unnamed C.I.A. official quoted by the Congressional report provides the agency's first public assessment of the damage caused by the case. According to the report, which contained indications of deleted material, he said: "The things Howard gave to the Soviets were ... unquestionably some of the most important operations we have run in the Soviet Union. ... What he did to us was devastating. ... There is no question (when) you look at the record, it will show you the agency did not do its job properly."

The report said that the enthusiasm for improving security stirred by the spate of spy cases in 1985 had largely dissipated and that initiatives proposed in that year are being trimmed back or eliminated.

Among the figures in those cases were John A. Walker Jr., the former Navy warrant officer, his friend, Jerry A. Whitworth, another Navy sailor and

Ronald W. Pelton, a former employee of the National Security Agency.

"Despite verbal acknowledgement that some espionage losses have been truly devastating and negated enormous defense investments, top managers remain unwilling to budget relatively modest sums for improved counterintelligence and security measures that would help protect much larger investments," the report said.

The report said the Government remained vulnerable to security lapses in several areas, among them:

¶ Intelligence agencies have been slow to recognize when opposing services have gained an advantage through espionage. Recent cases "raise the possibility that U.S. intelligence should have picked up clues something was amiss and taken appropriate action."

¶ The Pentagon has a backlog of more than 100,000 people needing security reviews required every five years. It would cost \$50 million and take an additional 1,300 Pentagon employees to eliminate the backlog.

¶ Officials and contractors who are given clearances to see material classified as "secret" do not even undergo the type of routine credit checks required for obtaining consumer loans.

¶ The Government appears to be falling short of its pledges to reduce the amount of classified information and the number of people who have access to it.

Representative Anthony C. Beilenson, the California Democrat who is chairman of the intelligence panel's subcommittee on oversight and evaluation, said intelligence agencies had taken effective steps to prevent electronic spying. But he said the spy cases of the 1980's had shown individual weaknesses.

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# House Report Says It's Too Easy To Get Government Security Clearance

By JIM DRINKARD

Associated Press Writer

WASHINGTON (AP) Obtaining a government security clearance is almost as easy as getting a credit card, a critical report on federal efforts to curb spying suggests.

The report by the House Intelligence Committee concludes that officials don't do enough to scrutinize employees before they are granted bottom-level security clearances and don't keep a close enough eye on those who are privy to the nation's most sensitive secrets.

While some progress in protecting against spying has been made since a harsher report was issued two years ago, bureaucratic foot-dragging has kept counterintelligence gains below what they should be, the panel said Wednesday.

Evidence of the lack of progress is the continuing discovery of new spy cases in which disgruntled employees or former government officials have eluded detection for months or years, according to the report.

One example of the shortcomings is that many security clearances continue to be granted without checking applicants' financial or employment backgrounds, despite repeated past recommendations that those criteria be included. "The committee finds this failure to act inexcusable," the report said.

Asked whether that meant getting a security clearance is easier than opening a charge account, oversight subcommittee chairman Anthony Beilenson, D-Calif., said, "That's probably true."

The government's basic security review, known as the National Agency Check, involves reviewing FBI fingerprint files and dossiers at other federal agencies. It does not include credit and employment checks, and costs just \$10 to complete.

"We ... spend thousands for physical security measures in some programs (to protect) secret material, but for the people part of it, we are only willing to spend \$10," Thomas J. O'Brien, then-director of the Defense Investigative Service, said in testimony before the panel last spring. "All of our losses have come from people."

The panel's report found a pattern of bureaucratic sluggishness throughout the intelligence community in addressing security problems and it criticized a preoccupation with hardware and gadgetry that ignores fundamental personnel problems.

It also found that little has been done to control the proliferation of classified information and concluded that top CIA personnel were the sources of many revelations in Washington Post reporter Bob Woodward's book "Veil" about covert operations by the CIA.

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The Intelligence panel voted unanimously to release the report, overriding objections from the Central Intelligence Agency. The CIA had no comment on the document.

The Pentagon came in for particular criticism in the committee's review, which noted that at least 54 Defense Department personnel have been identified and punished over the past five years for espionage or security breaches. Despite the problems, the department does not appear to be looking vigorously for new solutions, the report said.

While the Pentagon claims to have reduced its security-cleared personnel from 4.2 million to 2.8 million over the past three years, the figures cannot be verified, the panel said.

And with that many cleared personnel in addition to 1.1 million clearances for defense contractors, the secretary of defense has only six professional staff members overseeing department security programs. "This is a penny-wise and pound-foolish approach, considering these personnel have access to the nation's most sensitive data," the report found.

As an example of failures in security screening of personnel, the report cites the case of Glen Michael Souther, a former Navy intelligence specialist.

While in the Navy years ago in Norfolk, Va., Souther's wife voiced suspicions to a Naval officer that her husband might be involved in espionage. He left the Navy, went to Old Dominion University for Russian studies, then rejoined the Navy as a reservist and was granted a top security clearance.

A background investigation did not catch the warning signs, and Souther defected this year to the Soviet Union, taking with him classified technical data on weapons systems.

The panel also sought answers from the CIA about the sources of disclosures in Woodward's book, published last year. The book contains numerous references to intelligence details that were not widely known, and one agency official testified: "I don't think there is a question. ... I think it came from within the agency."

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